



# **Guide to Travel Insurance: Trip Interruption Coverage**

**Commonwealth of Massachusetts  
Division of Insurance**

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## How to Use This Guide

This guide is intended to describe some of the features of travel insurance that may be offered by insurance companies. Depending on the policy or certificate, this coverage is short-term in nature and covers certain benefits prior to and during some scheduled trip.

This guide provides a general explanation of travel coverage. It will familiarize you with some of the terms and practices related to insurance in Massachusetts. If you have additional questions, you can also contact the Division of Insurance Consumer Services Section at (617) 521-7794 or through [www.state.ma.us/doi](http://www.state.ma.us/doi).

As you consider any insurance, you should be aware that an insurance policy is a legal contract describing the promise an insurance company gives you in return for your premium payment.. **Insurance is not a bank account in which your premiums are stored; it is a legal promise that an insurance company will pay for the costs of certain identified losses that may occur during the policy period.** The insurance you buy to cover your travel is protection for a specific period or term of time, usually for the length of the trip.

To truly understand a particular type of coverage, you should take the time to learn what is and what is not covered. The insurance company offering the coverage or its producer should be able to help you with an analysis of the appropriate coverage for your situation, but it is up to you to choose the right policy to protect your own assets. **It is important that you read your coverage carefully to determine your exact coverage, as well as your rights and responsibilities under the coverage.**

There are a number of appendices at the end of the guide, including a glossary of commonly used terms such as those that appear in bold throughout the guide (Appendix A) and a record of any travel insurance policy that you may purchase (Appendix B).

### Disclaimer

This guide is not a legal analysis of your rights under any insurance policy or government program. Your insurance policy, program rules, Massachusetts law, federal law and court decisions establish your rights. You may want to consult an attorney for legal guidance about your specific rights.

This guide includes information, documents, and materials (collectively, the "Contents") that are subject to change without notice. The Massachusetts Division of Insurance cannot guarantee that the contents of this guide are up-to-date or complete and assumes no responsibility for errors or omissions in any Contents, including Contents that are referenced by or linked (by hypertext links) to any other Contents or third party websites. The Massachusetts Division of Insurance makes no representations or warranties of any kind whatsoever for the Contents or for any products or services or hypertext links.

# Guide to Travel Insurance: Trip Interruption Coverage

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# **Guide to Travel Insurance: Trip Interruption Coverage**

## **SECTION I: TRAVEL RISKS**

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### **What is Travel Insurance?**

Travel insurance is usually tied to a scheduled trip that you have planned. The insurance usually will provide coverage if a covered event occurs prior to or during the trip that causes you to miss your trip, disrupt your trip or lead to costs for unexpected events, such as lost luggage or emergency medical treatment.

### **Why Buy Travel Insurance?**

You may have saved and planned for the trip of a lifetime. All of your bags are packed and you're leaving the building when you notice that your companion has chicken pox. Due to this unexpected development, you will probably not be able to go on your trip and could theoretically forfeit all the money that you paid for travel tickets, hotel reservations and other planned events. Something may even happen during your trip requiring that you pay the expensive additional costs to travel home unexpectedly. Travel insurance can protect you from the final costs of trip disrupting events that were unplanned.

Although each policy or certificate may include different benefits, most policies include coverage to pay for the costs of an interrupted trip, for lost baggage and for medical emergencies while traveling. Each of these benefits may be tailored to your particular needs on your trip.

### **Don't My Other Policies Cover Me?**

Most traditional property and casualty insurance policies cover you for unexpected losses that affect your property or make you liable for a lawsuit, but they do not cover you for disruptions to travel plans for which you may have already paid. Many traditional property and casualty insurance policies may cover you for the cost of lost baggage, but may cover only part of the loss and not the true cost of obtaining new materials while traveling. Most health insurance policies cover you for the cost of medical treatment, but some do not pay for the cost of medical care provided abroad.

### **Am I Required to Buy Travel Insurance?**

There are no specific laws requiring anyone to purchase travel insurance, but if you are investing a significant amount of money in a trip, it may be prudent to consider this coverage to protect your investment in the reservations and tickets you have already purchased.

## **SECTION II: INSURANCE COVERAGE**

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### **How Does a Travel Policy Work?**

When issued, an insurance policy is a legal contract between an insurance company and an insured according to the terms of the contract. As with any other insurance coverage, you pay a premium to the company in exchange for the insurance company's promise to pay for your covered losses. There is an expectation of good faith, *i.e.*, that you and the insurance company will be fair and honest in your dealings with one another.

### **How Do I Obtain Coverage? Can I Ever Be Turned Down?**

You should know that travel insurance is offered in a competitive market. You have the right to shop around for travel insurance from companies available in your area but a company also has the right to turn down your application for coverage.

In order to obtain a travel insurance policy, you must fill out an application to help the insurance company learn about you, your trip, and the risks the insurance company would be responsible for if they insure you. After reviewing the information, the insurance company will use its own standards, known as underwriting guidelines, to decide whether to issue you a policy, and the rate it would charge for the coverage.

If an insurer agrees to consider your application, the producer or company may issue you an "insurance binder", a legally binding statement indicating that you have immediate protection for a specified period of time during which the company will decide whether to issue you a policy. If the company formally accepts your application, it will issue a policy, usually covering the duration of your trip. If your application is rejected, you will need to apply to another insurer.

### **Can an Insurer Ever Cancel My Coverage?**

Yes, an insurer can cancel or nonrenew your coverage. You should read your policy carefully to determine the conditions for cancellation. Companies can cancel coverage, but only according to the conditions that are spelled out within the policy.

### **What Level of Coverage Do I Need?**

**You should only consider buying coverage up to the level of your need.** If you are concerned about losing deposits on vacation homes due to a covered event, you will only want coverage for the total of the deposits, rather than for any other travel costs that you are not and will not be liable for. You should also only consider coverage if it does not duplicate coverage that you already have; you should check your other policies to determine what coverage you already have and whether travel insurance meets some needs not covered under any other policy.

## **How Do Insurers Market Insurance Policies?**

Insurance companies generally use one of three methods to market their product: direct marketing, independent agents, or exclusive producers. The type of marketing method may or may not meet your needs, depending on the type of services offered. Therefore, you should be aware of each of the three methods and may want to consider these when you decide to buy insurance.

Travel insurance is sometimes sold by agencies affiliated with or through referrals from travel agencies. Such companies use **direct marketers** who sell insurance through the mail and by telephone. Some insurance companies sell coverage through producers that only represent their company. These companies call their producers an **exclusive producer force**. **Independent producers** represent several companies; therefore, you can get quotes for more than one company from just one producer. Many consumers consider this an advantage

## **How Do I Find Companies that May Sell Me Insurance?**

### **Licensed Insurance Companies:**

There are many insurers licensed by the Division of Insurance that sell property and casualty policies in the Commonwealth of Massachusetts. In order to be licensed, an insurer must demonstrate it meets the state's minimum financial requirements to pay claims now and in the future. It must also agree to participate in the state's guaranty fund designed to protect policyholders if any licensed property and casualty insurance company is financially unable to pay claims. You can check <http://www.mass.gov/?pageID=ocatopic&L=3&L0=Home&L1=Consumer&L2=Insurance&sid=Eoc> for a list of companies in your area.

When considering a company, you may want to contact your neighbors, relatives, and friends for recommendations regarding their insurance company's service and price. In addition, for a fee, you can learn more about the financial strength of a particular insurance company by contacting any of the following insurance rating services

A.M. Best Company	(908) 439-2200	<a href="http://www.ambest.com">http://www.ambest.com</a>
Duff & Phelps, LLC	(212) 450-2800	<a href="http://www.duffllc.com">http://www.duffllc.com</a>
Fitch Ratings	(212) 908-0500	<a href="http://www.fitchibca.com">http://www.fitchibca.com</a>
Moody's Investors Services, Inc.	(212) 553-1658	<a href="http://www.moodys.com">http://www.moodys.com</a>
Standard & Poor's	(877) 299-2569	<a href="http://www.standardandpoors.com">http://www.standardandpoors.com</a>
Weiss Research Inc.	(800) 289-9222	<a href="http://www.weissratings.com">http://www.weissratings.com</a>

## **SECTION III: COSTS AND LOSSES**

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### **What May Affect the Cost of My Insurance?**

**Amount of Coverage:** The amount of coverage you buy will affect the price you pay.

**Deductible Amount:** The amount of loss that the covered person is required to pay before the insurance company will pay any losses. The higher the deductible, the lower the price for the insured. An insured should keep in mind, however, that deductibles may apply separately to each loss that may occur throughout the year.

**History of Accidents:** If you have a history of past accidents, this may be used as a factor in setting your rates, based on the likelihood of your future trip interruptions.

**Discounts:** Most insurance companies offer a variety of discounts based upon projected reduced risks for certain features.

### **What Can I Do to Reduce the Premium?**

**Shop Around:** Prices can vary greatly. However, don't consider price alone since service is also important. Quality service may cost more, but it also may be worth it. Be sure to talk to your friends.

**Include Insurance Costs in Your Budget:** Before you go on a trip, think about how much it will cost to insure. You may want to factor this into the cost when planning a trip if you believe that you should have travel insurance.

### **What Should I Do If I Have Some Trouble on My Trip?**

Most insurance policies generally require you do the following things:

- Give notice to the insurance company.
- Protect yourself from further losses or damage.
- Give your insurance producer, claims adjuster and/or insurance company a copy of a list of all damaged, destroyed or stolen property (being sure to keep a copy). In case of theft, be sure to give another copy to the police.
- Show the damaged property to your insurance producer, claims adjuster and/or insurance company, if asked. Do not dispose of any damaged property until your producer, claims adjuster and/or company says you can.



## **What If I Have Questions or Problems with the Insurance?**

If you are having a problem with your insurance, you should first check with your licensed producer or with the company that sold you the policy. If you feel that the amount of money offered by your insurance company to pay for a loss is not fair or there are other insurer practices that seem unfair or deceptive, there are several alternative courses of action that you may want to consider:

- You can file a complaint with the Massachusetts Division of Insurance during normal business hours at 1-617-521-7794 or can download a complaint from the Division's internet address - [www.state.ma.us/doi](http://www.state.ma.us/doi) - and then fax or mail the complaint to the Division;
- You can file a claim in small claims court; or
- You can hire a lawyer to consult with and represent your interests in court.

When completing a complaint form or meeting with a lawyer, make sure you have included detailed information about your insurance problem, including the correct name of the insurance company, a complete and accurate description of any company actions to respond to your complaint, a claim number, if you have one, and copies of any relevant documents or correspondence relating to your claim.

## **Appendix A – Glossary of Common Insurance Terms**

**Cancellation** - Termination of policy during the policy term.

**Claim** - A request for reimbursement for a loss covered by a policy. For example, lost deposits in the event a trip is cancelled due to a covered event.

**Exclusion** - Certain causes and conditions listed in the policy that are not covered.

**Independent Agent** - An agent who represents more than one insurer.

**Insurance** - A formal device for reducing an insured's potential costs by transferring specific risks to insurance companies.

**Premium** - The amount of money an insurance company charges, based on a given rate, to provide the coverage described in the policy for a specified period of time, generally one year.

**Underwriting** - The process of examining, accepting or rejecting insurance risks, and classifying those selected, in order to charge the proper premium for each.

## **Appendix B – Facts to Keep Handy About Your Own Policy**

For use after you buy an insurance policy. Complete this form and put it with your important papers. You may want to make a copy for a friend or a relative.

### **1. Insurance Date**

Policy Number \_\_\_\_\_

Date Purchased \_\_\_\_\_

Premium \_\_\_\_\_

### **2. Insurance Company Information**

Name of Company \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_

### **3. Information about Insurance Producer**

Producer's  
Name \_\_\_\_\_

Phone Number \_\_\_\_\_

Address \_\_\_\_\_

### **4. Type of Insurance**

\_\_\_\_\_

### **5. Are there conditions that I need to keep track of?** \_\_\_\_\_

\_\_\_\_\_

### **6. How do I file a claim? (Check all that apply)**

Contact my licensed producer

Contact the company

### **7. How often do I pay premiums?** \_\_\_\_ Annually \_\_\_\_ Semi-annually \_\_\_\_ Other

### **8. Are my premiums deducted from my bank account?** \_\_\_\_ Yes \_\_\_\_ No

Name and address of my bank: \_\_\_\_\_

Bank account number: \_\_\_\_\_

### **9. Where do I keep this policy?** \_\_\_\_\_

Other information \_\_\_\_\_

### **10. Friend or relative who knows where my policy is:** \_\_\_\_\_

Address \_\_\_\_\_

Phone number \_\_\_\_\_

## We Can Help!

The Division of Insurance exists to serve you. The Division can be a source of unbiased information and assistance to you, such as verifying if a producer or insurance company is licensed to do business in the Commonwealth or providing answers to many frequently asked or general insurance questions.

If you have a complaint against an insurer, it is always best to contact your insurance company first and try to settle the matter. Most insurance companies have policyholder service offices to handle your questions. However, if you are still not satisfied, contact the Division's Consumer Service Section staff to help with your problem. Although they cannot represent you legally against an insurance company or adjuster, they can make an appropriate investigation into potential violation of insurance laws or regulations based on your complaint.

The Consumer Service Section can be contacted at 617-521-7794, Monday - Friday 8:45 a.m. - 5:00 p.m. or visit the Section on the Division's web site at [www.state.ma.us/doi](http://www.state.ma.us/doi). You may also contact or send in a consumer complaint by writing to the Consumer Service Section at the Commonwealth of Massachusetts Division of Insurance, One South Station, Boston, MA 02110. For your convenience, a consumer complaint form may be printed from the Division's web site.

This consumer's guide should be used for educational purposes only. It is not intended to provide legal advice or opinions regarding coverage under a specific insurance policy or contract; nor should it be construed as an endorsement of any product, service, person or organization mentioned in this guide.



Non Smoker



Alarm System



Sprinkler

Insurance is an important purchase for many people. Use this brochure as a guide for how to better understand travel insurance and whether this coverage may be right for you.

Travel insurance is not required by Massachusetts law, but you may want to consider buying it to protect you against the costs of interruptions to your travel plans.